

# Reducing Hospital Variability Costs

## CareLuminate Case Study: Reducing Healthcare Costs and Improving Care Quality Part 2

In PART 1 we described by hospital cost variability is a significant driver for higher employer healthcare costs. PART 2 outlines how CareLuminate helps employers reduce these high variable costs.

### The Opportunity Size for Optimized Care

Continuing our example from Part 1 for a Kansas City employer on the United Healthcare Choice Plus Plan, we can estimate the possible savings from even minor changes in employee hospital decisions. As we saw in PART 1, our preliminary estimate was that North Kansas City Hospital is a good hospital that is very low cost, while the HCA hospitals are higher cost and lower quality.

Let's assume that our firm is self-insured with 2,220 employees on the Choice Plus network. Our firm spends roughly \$26.6M each year on healthcare, with roughly \$10.7M going towards hospital care.

We will assume that employees frequent the KS hospitals proportional to the hospital sizes. If there is a way to make even small adjustments on hospital decisions, the results would drive significant yearly savings:

| Outcome  | Healthcare Savings |
|--|--------------------|
| 2% of Employees Shift Hospitals from HCA to NKCH                       | \$89,200           |
| 5% of Employees Shift Hospitals from HCA to NKCH                       | \$194,000          |
| 15% of Employees Shift From HCA, Olathe and Overland Park Towards NKCH | \$383,400          |
| Maximum: All employees shift only to NKCH for care                     | \$3,876,000        |

### Research and Communication That Changes Employee Decisions

Educated consumers are the missing link to most of healthcare's current challenges. If all consumers, both employers and patients, started to make value-based decisions in selecting care like they do with other consumer goods or services, incentives would shift quickly for hospitals, doctors' offices, and other care organizations to deliver higher value.

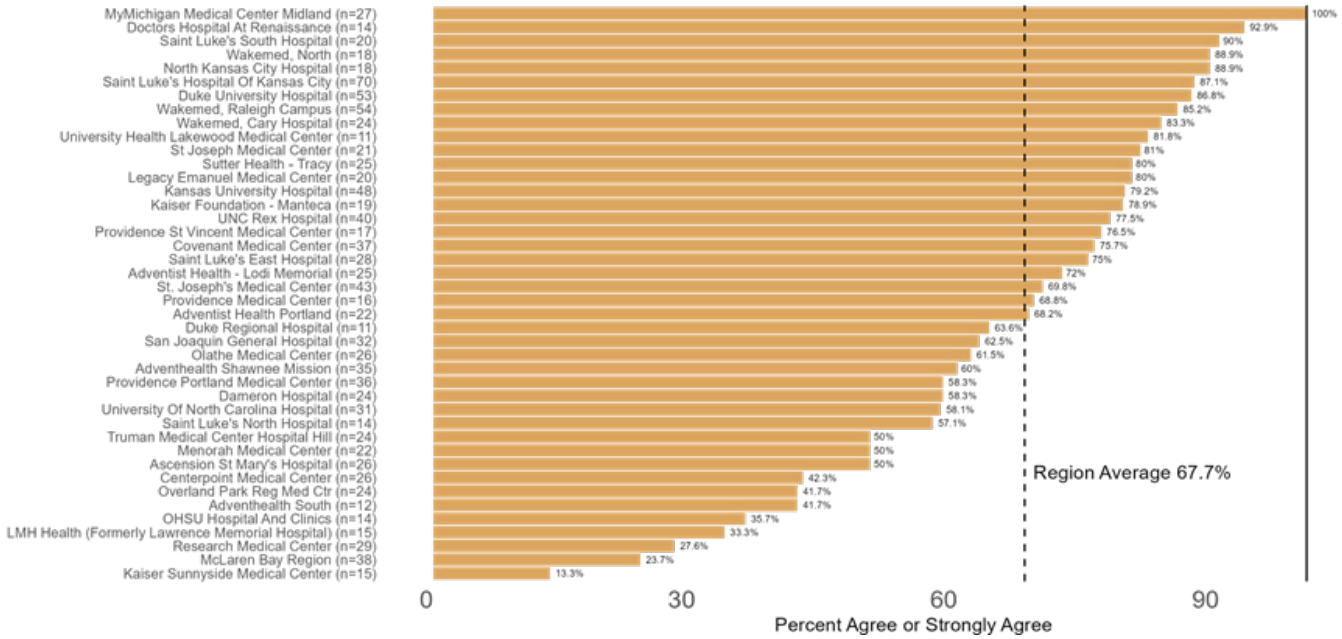
CareLuminate started as a hospital quality-measurement firm. Where nearly every hospital quality-measurement firm measures quality through the same CMS data that hospitals are forced to report publicly, CareLuminate does something much simpler: We interview nurses working in the hospital to understand if they would refer their loved ones to their own hospital for care.

Feedback from nurses is incredibly revealing. Across the 42 hospitals in 6 regions that CareLuminate has measured, feedback from nurses is statistically very differentiating.



# RN Confidence in Hospital Safety

I have confidence that my loved ones would receive the safest possible care in this facility.



Alarming, hundreds of nurses in multiple regions of the country are reporting the same concerns: Care quality is falling after the pandemic as care teams are stretched and hospitals look to save costs by cutting back. Dozens of nurses in every region of America have shared with CareLuminate the concerning comment: "Now is not a good time to be sick in America."

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It should be noted that these findings mirror other quality measures in important ways. Consider the following statistically significant correlations between this simple measurement and other complex measurements of care:

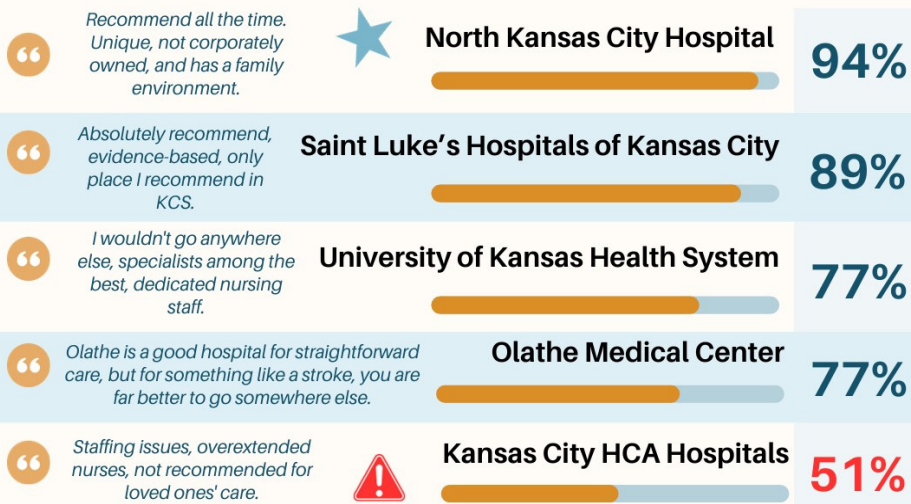
| Nurse Interview Measure          | Hospital Quality Measure                   | Level of Correlation    | Intuitive Insight   |
|----------------------------------|--|-------------------------|---|
| <b>Nurse Recommendation Rate</b> | Patient Recommendation Rate (HCAHPS)       | P<.001, r-squared = .37 | Nearly every patient in a hospital is assigned to a nurse. Nurses spend more time with patients than any other group in the hospital.   |
| <b>Nurse Quality Score</b>       | CMS Stars Quality Rating                   | P<.001, r-squared = .26 | Nurse perceptions of hospital safety and quality are strong predictors of quantifiable safety and quality.                              |
| <b>Nurse Teamwork Score</b>      | Stroke Patient Deaths Per 100,000 Patients | P=.002, R-squared = .23 | Given the high stroke mis-diagnosis rate, teamwork is critical in stroke identification.  |
| <b>Nurse Quality Score</b>       | COPD Deaths Per 100,000 Patients           | P=.006, r-squared = .2  | COPD is a chronic condition requiring constant attention. Overburdened or unsafe hospitals let COPD patients 'slip through the cracks.' |

While it is possible to make highly complex correlations to quality measurements, the power of the CareLuminate Nurse Recommendation measurement is in its simplicity! Where other quality measurements require complex acuity adjustment, the CareLuminate measurement is the equivalent of getting a reference on a restaurant by asking a friend of yours who is the cook at the restaurant—yes your friend is probably biased in thinking the restaurant is great, but you know if your friend says to not eat there, it must be really bad. Similarly, nurses willing to recommend against their own hospital are a warning beacon for all consumers.

Coming back to Kansas City, CareLuminate works with multiple employer sponsors to complete this impactful measurement of quality. For hospitals within the United Choice Plus network, here is what CareLuminate has found:

# Healthcare in Kansas City CareLuminate

## Percentage of Nurses Recommending Their Own Hospital



> **Would you choose a hospital that nurses will not send their own family to?** <

These findings mirror what we saw in other quality measurements, finding that North Kansas City Hospital is an excellent hospital for care and that the HCA hospitals of Kansas City have concerning staffing issues.

Similar to the power of the comments in Amazon customer reviews, the power of the stories between hospitals are impactful. Consider these two different nurse interviews CareLuminate conducted. Patients will make different decisions when they learn more than a rating—for instance learning that care at Kansas City HCA hospitals is poor because of high staff turnover and inexperienced nurses that are prone to making mistakes.



**Nurse at Centerpoint Medical Center (HCA)**  
**Worked There for 2+ Years in Intermediate Care**

*“I have noticed that some experienced nurses have been leaving. Many are burnt out. In fact, around 60% of the nurses at Centerpoint are new grads. At some point, I believe we start to lose that experience.”*

**Nurse at North Kansas City Hospital**  
**Worked There for 2+ Years in Medical/Surgical Unit**

*“I recommend this hospital all the time. In fact, I have had my babies at this hospital specifically. One unique aspect of our hospital is that it is not corporately owned. We are owned by North Kansas City, and that really sets us apart. It creates a family environment.”*



CareLuminate conducts this important research so that it can tell the stories behind the statistics. Healthcare is so important, and before any of us are in a hospital gown, vulnerable and reliant on the care of the hospital staff, we deserve to hear these different stories, not just statistics.

Because CareLuminate communicates in stories, the power of this data far more simple to communicate. CareLuminate works with each company to build a simple and powerful communicate campaign. Here would be an example for our firm in Kansas City wanting to warn employees about care at HCA and encourage employees to consider North Kansas City Hospital.

## Communication Strategy: Share quality findings through the following paths

**Open Enrollment Meeting**—CareLuminate will virtually present findings for 6 minutes before CPO shares incentive to go to North Kansas City Hospital.

**Regional Company Quarterly Meeting:** CPO will highlight focus on employee health and include incentive and findings.

**Office Email:** A follow-up email after the company meeting will include the link to the full CareLuminate quality report.

**Monthly Employee Newsletter:** CareLuminate will tailor-make a short section detailing findings and a link to the full report and details on incentive.

**Communication in Employee Portal:** Employer will post a tailor-made communication in the employee portal communicating about poor/excellent hospital quality.

## Conclusion

In the end, sponsoring a CareLuminate study is even more about improving care quality than it is about reigning in cost. The opportunity that most businesses have to do both is exciting.

Sponsoring a CareLuminate study is an investment in your local community's healthcare. To find out more about a CareLuminate study in your local community, reach out to us at [info@careluminate.com](mailto:info@careluminate.com).

CareLuminate Sponsorship Costs (Includes cost mapping, communication plan and full study results)

- 1-500 local employees: \$6,000
- 501-1,000 local employees: \$12,000
- 1,000-3,000 local employees: \$24,000
- 3,000+ local employees: 45,000+

